



## **Issue Brief**

### **Prime Minister Manmohan Singh's Moscow Visit: Giving Fresh Impetus to India-Russia Strategic Partnership**

*Nivedita Das Kundu\**

Prime Minister Manmohan Singh's recent visit to Russia from 5<sup>th</sup>-7<sup>th</sup> December 2009 provided fresh impetus to the strategic partnership between the two countries. This was the Prime Minister Singh's second visit to Russia within a year's time. This visit reinforced interests of both states in maintaining their traditionally close and friendly relationship and in strengthening a multipolar world order. In recent times, both India and Russia have been pursuing a multi-vector approach in their foreign policies. P.M. Singh had visited Yekaterinburg (Russian Federation) in June 2009 to participate in the BRIC (Brazil-Russia-India-China) and SCO (Shanghai Cooperation Organisation) Summits, which was his first visit abroad after formation of the new government in India on 17<sup>th</sup> May 2009 and after becoming Prime Minister for the second term.

The bilateral relationship between India and Russia was revived with the declaration of a Strategic Partnership between the two countries, during the visit of President Putin to India in the year 2000. Since then the Indo-Russian relationship has diversified enormously and today it is uniquely strong and also expanding in the areas of defence, nuclear energy, hydrocarbons, space research, science & technology. Prime Minister Manmohan Singh's recent visit re-energised the ties between both the countries. Moreover, after signing six significant agreements, including in civil nuclear cooperation, any doubt about the vitality of the bilateral relationship has ended. The two countries clinched a significant civil nuclear deal which guarantees an uninterrupted fuel supply for Indian nuclear plants. Moscow also assured New Delhi that it will not interfere in any of India's un-safeguarded nuclear weapon programmes. Other benefits from this agreement would include research and development,

construction of nuclear plants and upfront consent for the reprocessing of spent fuel. The signing of this landmark inter-governmental agreement on the peaceful uses of atomic energy between the two countries has the potential to expand the horizon of nuclear relationship between the two countries. There is also a condition that any termination of the agreement will be without prejudice to the ongoing contracts and fuel supply obligations. Russia is already building four reactors at Kudankulam in Tamil Nadu and they have been assigned a new site for building more reactors in Haripur in West Bengal.

Addressing a joint press conference with Russian President Dmitry Medvedev, Prime Minister Manmohan Singh said:

*Today, we have signed an agreement that broadens the reach of our cooperation beyond supplies of nuclear reactors to areas of research and development and a whole range of areas in nuclear energy. India's ties with other countries will never be at the cost of time-tested relationship with Russia.*

Indian Foreign Secretary Nirupama Rao, who accompanied the Prime Minister to Moscow, said:

*Our ties with any other country will not affect the stability and solidity of our ties with Russia and they are rock solid.*

Prime Minister Singh and President Medvedev during their meeting and discussions were in agreement on issues and concerns related to Afghanistan and Pakistan, and other global issues like economic downturn and climate change. Moscow expressed solidarity and support on India's stand that Pakistan had yet to bring to justice the perpetrators of the Mumbai terror attack. During the discussion, the Russian leaders emphasised the counter terrorist campaign against Al Qaeda and the Taliban.

Delhi and Moscow had been having intensive consultations on the Af-Pak situation and the convergence of their views on this was also noticeable during Prime Minister's Moscow visit. Russia supported India in cautioning against Pakistan's attempts to draw a line between the good and bad Taliban. Both countries dismiss the good Taliban theory that is seen as a bid to work-out a deal with a section of the terror outfits currently operating in Afghanistan from bases in Pakistan. The good Taliban and bad Taliban theory is essentially a Pakistani view to reinforce its hold over part of the terror outfits in the region. The convergence of Indo-Russian ideas in this regard reflects a close synergy in Indo-Russia perspectives that has received a boost as a result of Prime Minister Manmohan Singh's recent visit to Moscow. The two countries also reaffirmed their long term commitments to stabilise the situation in

Afghanistan. Both sides also share similar concerns over Pakistan's nuclear arsenal falling into wrong hands which was highlighted during the discussions. In the joint declaration Russian leaders expressed support for India's candidacy in an expanded UN Security Council and full membership in the Shanghai Cooperation Organization (SCO), emphasising that SCO is coming-up as an important regional organization for promoting peace and stability and fostering economic developments in the region. The joint declaration reinforced the warmth that exists between the two countries.

Today, both India and Russia do not want to act as members of any bloc, rather they wish to pursue independent and flexible foreign policies keeping in mind their respective national interests and aspirations to become important powers. Ever since India and the United States signed the nuclear deal, some quarters have perceived that India is inclining more towards the US and that consequently the Indo-Russian relationship will be strained. But nothing of that sort has really happened as Indo-Russian relationship is historic, close and uniquely enduring. This relationship is based on a strong national consensus in both countries that has cut across ideologies or political differences. It is true that the time have changed and the old mindset or sentimentality does not exist in today's world. Besides, the policies of both countries are mainly driven by pragmatic and economic considerations. Although differences arise over certain issues on certain occasions, the overall parallelism in the Indo-Russian relationship definitely symbolizes the trust that still exists between them.

Now India and Russia have reached a stage where the economies of both are resurgent and at the same time diversifying. Over the last few years, they have achieved significant rates of economic growth. In the last few years, the Indian economy grew by more than 7 per cent per year and Russia's at about the same rate. Overall, both economies are developing significantly to provide a good base for expanding business contacts and promoting new projects. Nonetheless, in spite of accelerated growth and immense opportunities in each other's economy, statistics show business transaction is much less than the potential that exists between India and Russia. Promises had been made by the leaders of both countries earlier too, but not much has happened. Indian business community feels that to put these words into practice and strengthen the economic pillars of the relationship, certain practical issues and concerns need to be addressed, like easing of visa regulations for Indian businessmen, the expansion of inter-banking co-operation etc. As there can be no effective economic co-operation without political support, it is suggested that the high level of political trust

between the two countries needs to be translated into economic co-operation. Indian business community is concerned about red-tapeism from Indian side and about the high level of corruption that prevails in the present day Russia. Hence, both the governments need to look into this matter and provide initiatives to boost economic co-operation.

Today, both the countries are market-oriented economies and therefore there is a need to make greater efforts to capture each other's markets. The Russian side needs to put in place the conditions for easing the entry of Indian business personnel along with their business proposals into the Russian market even in non-traditional sectors. India has given its consent to Russia's accession to the World Trade Organization (WTO) and both sides have set up a Joint Study Group (JSG) to finalise a roadmap for increasing the bilateral trade turnover to US\$10 billion by 2010. The latest data suggests that Indo-Russian trade has crossed \$8 billion and during the CEOs meeting (during the Prime Minister's visit) both Indian and Russian business community leaders have set-up the target to bring the trade and economic cooperation upto \$15 billion by 2015. However, the Indian side is concerned that while Russia's exports to India have increased reasonably, India's exports to Russia have not made any significant growth, which India needs to consider seriously.

Against the backdrop of the Goldman Sachs BRIC report, which states that the emerging economies of Brazil, Russia, India and China will increase their footprints on the global economic landscape in the 21st century, it is evident that the Indo-Russian economic and trade engagement needs a significant boost. Present economic engagements are mostly in the public sector and even here it is narrowly focused on the defence sector. Today the private sector constitutes a significant part in each other's economy. Therefore, the private sectors should be encouraged to play a greater role to strengthen trade and economic relationship between the two countries. Thus, both sides need to expand the export baskets to each other's country in order to increase the bilateral trade volume.

Military ties between India and Russia are developing steadily and today it includes joint research and development, production, marketing, regular cooperation between the different branches of arms and joint training exercises.

During Prime Minister Singh's visit both the countries signed a 10-year military agreement on technical cooperation which will further enhance the operational capability of Indian defence forces. The 10-year military pact was among the three defence agreements signed between India and Russia. It would provide support for acquisition, licensed production,

upgradation and modernisation of defence equipment as well as facilitate the development of new and advanced weapons systems. India's Foreign Secretary Nirupama Rao said after the signing-up ceremony:

*The defence agreements signed will help to enhance operational capability of Indian defence forces in the next decade by providing various systems and will also facilitate capacity development of the Indian defence industry*

The documents signed would provide the basis and thrust for joint-research and development and in the manufacturing sectors too. This would bring new dimensions in the relationship. Other significant agreements signed in the defence sector were on the joint development and manufacturing of a fifth generation aircraft, multi-role transport aircraft, hypersonic missile and develop updated version of supersonic Brahmos. The agreement signed also mentioned about solving the complications for smooth post-sale service and maintenance of military hardware acquired by India from Russia which often becomes a serious issue in Indo-Russian defense cooperation. Signing-up of agreements on these above mentioned sectors indicates that Russia will maintain an edge over other countries in supplying military hardware to India for at-least a decade's period.

In the oil and gas sectors, Russia is interested in joint construction of oil and natural gas production and transportation facilities in India and in the surrounding regions. India has also geared-up its energy diplomacy and is now moving quickly to penetrate into the Russian energy market. India-Russia cooperation in the hydrocarbon sector received a boost after this summit. Russia can play a significant role in ensuring India's energy security. After nuclear energy, hydrocarbons are emerging as another major area of cooperation in the energy sector between India and Russia. India has already invested \$2.7 billion in the Sakhalin oil and gas projects, which is India's largest investment abroad. India has also purchased shares in Imperial Energy (leading British-based oil exploration and production business operating in Siberia) for \$2.58 billion. During this visit Indian Prime Minister had a talk with both President Medvedev and Prime Minister Putin about enhancing cooperation in the energy sector with India getting access to Trebs and Titov oil fields in the Timan-Pechora region. India stands a fairly good chance to enter into the huge Sakhalin-III energy project provided foreign participation is permitted by the Russian authorities. However, till date India has received a positive response from the Russian leadership on this issue. Lately, ONGC Videsh Limited has also entered into agreements with Russian oil and gas majors Rosneft and Gazprom for studying investment opportunities in these sectors in both the countries.

In spite of notable co-operation in defence and nuclear energy sector, there is a need to develop an institutional mechanism between India and Russia that would spur innovation as well as commercialisation of new technologies. Economic and investment projects also need serious information support, which is lacking at the moment. On the whole, it is necessary to publicise the positive experiences and growth of both countries, which will help people in both countries to orient themselves to the present realities and will boost bilateral co-operation in various fields.

India and Russia are genuine and natural strategic partners, who never had any clash of interests. Nevertheless, some misunderstanding hovered in recent times over India's proximity with and growing strategic relationship with US, which had caused concern in Moscow creating an impression that New Delhi's growing relationship with Washington, would be at the cost of its relationship with Moscow. In this context, this visit of Prime Minister Manmohan Singh is significant, as it addressed Russia's concerns and convinced Moscow that India's improving ties with Washington is not going to hamper in any way India's time tested relationship with Moscow. Prime Minister Singh's visit signifies that at present both countries pay considerable value to this strategic partnership, which has reached a stage where closeness with any other country would not make much of a difference to the partnership.

---

*\*Nivedita Das Kundu is a Research Fellow at Indian Council of World Affairs, Sapru House, New Delhi.*